

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 302 – HB 1075**

March 15, 2019

**SUMMARY OF BILL:** Establishes the Tennessee Wine and Grape Board (Board), as well as the Wine and Grape Fund (Fund), for use by the Board. Authorizes the Board to use funds in the Fund to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, to market and educate relating to grapes grown and wine produced in Tennessee, and to issue grants for purposes of promoting the wine industry and viticulture in the state. Requires wine tax collections to be allocated to the newly-created Fund.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$16,700,000/Wine and Grape Fund**

**Decrease State Revenue - \$13,777,500/General Fund**

**Increase State Expenditures - \$16,700,000/Wine and Grape Fund**

**Decrease Local Revenue - \$2,922,500**

**Assumptions:**

- Pursuant to Tenn. Code Ann. §57-3-302(a), a \$1.21 tax is imposed on each gallon of wine. The proceeds of the tax are distributed 82.5 percent to the General Fund and 17.5 percent to the counties.
- The proposed legislation will require that all proceeds of the tax are deposited to the newly-created Fund for the use by the Board.
- The expected collections of this tax for FY19-20 are \$16,700,000. This number is assumed to remain constant in subsequent years.
- The recurring increase in state revenue to the newly-created Fund is estimated to be \$16,700,000.
- The recurring decrease in state revenue to the General Fund is estimated to be \$13,777,500 (\$16,700,000 x 82.5%).
- The recurring decrease in local revenue is estimated to be \$2,922,500 (\$16,700,000 x 17.5%).

- Seven members will serve on the Board without compensation for their services, but all members are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties.
- The Commissioner of the Department of Agriculture and the Commissioner of Department of Tourism, or their designees, make up two of the seven positions, with the other five being appointed by the Governor.
- It is assumed the Board will meet quarterly in Nashville, and the Commissioners will not receive any reimbursement.
- The other five members of the Board will receive \$240 per day for meals and lodging and an average of \$110 for mileage reimbursement per roundtrip.
- The recurring increase in state expenditures from the Fund is estimated to be \$5,250 {[5 members x (\$240 meals and lodging + \$110 mileage reimbursement)] x 3 meetings}.
- The Board will use funds in the newly-created Fund to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, to market and educate relating to grapes grown and wine produced in Tennessee, and to issue grants for purposes of promoting the wine industry and viticulture in the state.
- The precise increase in state expenditures from the Fund in any given year is unknown; however, it is reasonably assumed that the Board will utilize all funds available in the Fund for the purposes stated in this act. The total recurring increase in state expenditures from the Fund is estimated to be \$16,700,000.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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